



# CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Adopt resolution authorizing the City Manager to execute Exhibit A of the Master Power Purchase and Sale Agreement between the City of Lodi and the State of California Department of Water Resources (EUD)

**MEETING DATE:** October 30, 2001

**PREPARED BY:** Electric Utility Director

**RECOMMENDED ACTION:** That the City Council adopt a resolution authorizing the City Manager to execute Exhibit A of the Master Power Purchase and Sale Agreement between the City of Lodi and the State of California Department of Water Resources.

**BACKGROUND INFORMATION:** The State of California Department of Water Resources (DWR) and the City of Lodi Electric Utility Staff have been working for several months to develop the framework for a long-term relationship whereby DWR and the City would have the ability to conduct a variety of mutually benefiting long-term energy related transactions.

In this instance, DWR has requested that the City enter into an agreement whereby the City would sell to DWR 15Mw of firm power for a period of fifteen (15) years. City staff believes that such a transaction is consistent with the long-term interests of the City. The terms and conditions of the transactions are well known other than price. As previously noted, energy markets operate on a very short time frame related to pricing provisions. To the extent this agreement is executed by the City Manager, the pricing terms will be demonstrably beneficial to the City.

City Staff respectfully requests City Council authorization for the City Manager to execute Exhibit A of the Master Power Purchase and Sale Agreement between the City of Lodi and DWR providing the agreement is financially beneficial to the City.

**FUNDING:** Through existing Bulk Power Purchases

Alan N. Vallow  
Electric Utility Director

ANV/lst

C: City Attorney

APPROVED: \_\_\_\_\_

  
H. Dixon Flynn - City Manager

## Exhibit A

**MASTER POWER PURCHASE AND SALE AGREEMENT  
CONFIRMATION LETTER  
(2001A Transaction -- 15-Year Firm Power)**

This confirmation letter shall confirm the Transaction agreed to on \_\_\_\_\_, 2001 between the City of Lodi ("Party A") and State of California Department of Water Resources with respect to its responsibilities pursuant to California Water Code Section 80000 *et seq.* regarding the Department of Water Resources Electric Power Fund separate and apart from its powers and responsibilities with respect to the State Water Resources Development System ("Party B") regarding the sale/purchase of the Product under the terms and conditions as follows:

**Seller:** City of Lodi, Electric Utility Department (Party A)

**Buyer:** State of California Department of Water Resources (Party B)

**Product:**

- ☐ Into \_\_\_\_\_, Seller's Daily Choice
- ☐ Firm (LD)
- ☐ Firm (No Force Majeure)
- ☐ System Firm
- (Specify System: \_\_\_\_\_)
- ☐ Unit Firm
- ☒ Other: CAISO Firm Energy (See Special Condition 2)
- ☐ Transmission Contingency (If not marked, no transmission contingency)
- |   |                                 |                                |
|---|---------------------------------|--------------------------------|
| <input type="checkbox"/> FT-Contract Path Contingency   | <input type="checkbox"/> Seller | <input type="checkbox"/> Buyer |
| <input type="checkbox"/> FT-Delivery Point Contingency  | <input type="checkbox"/> Seller | <input type="checkbox"/> Buyer |
| <input type="checkbox"/> Transmission Contingent        | <input type="checkbox"/> Seller | <input type="checkbox"/> Buyer |
| <input type="checkbox"/> Other transmission contingency |                                 |                                |
- (Specify: \_\_\_\_\_)

**Quantity:** 15 MW, to be delivered each Monday through Saturday during the Delivery Period, during Hour Ending 0700 through Hour Ending 2200 ("6x16").

**Delivery Point:** NP15, or its successor.

**Contract Price:** \_\_\_\_\_ for all energy delivered to Buyer at the Delivery Point.

**Delivery Period:** June 1, 2002 through May 31, 2017.

- Special Conditions:**
- (1) See Cover Sheet to Master Agreement.
  - (2) The Product shall be CAISO Firm Energy with liquidated damages as determined pursuant to Article 4 of the Agreement. "CAISO Firm Energy" means a Product under which the Seller shall sell and the Buyer shall purchase a quantity of energy equal to the hourly quantity without Ancillary Services, such as but not limited to Spinning Reserves, Non-Spinning Reserves, Regulation, and Replacement Reserves. The Product shall be scheduled as a Scheduling Coordinator to Scheduling Coordinator transaction pursuant to the applicable tariff and protocol provisions of the California Independent System Operator ("CAISO") or its successors, for which the only excuse for failure to deliver or receive is an "Uncontrollable Force" as defined in the CAISO Tariff on file at Federal Energy Regulatory Commission ("FERC").
  - (3) In no event may delivery be curtailed for economic reasons.
  - (4) Notwithstanding anything to the contrary herein, Seller shall arrange and be responsible for transmission service to the Delivery Point, and shall obtain Scheduling Coordinator services necessary to deliver the Product to the Delivery Point. Seller shall be responsible for all charges due to the CAISO, and entitled to receive all payments from the CAISO, related to deviations of Seller's actual delivery of power from Seller's scheduled delivery of power.
  - (5) Notwithstanding anything to the contrary herein, Buyer shall arrange and be responsible for transmission service from the Delivery Point, and shall obtain Scheduling Coordinator services necessary to accept delivery of the Product at the Delivery Point. Buyer shall be responsible for all charges due to the CAISO other than those charges identified in Special Condition 4 above.

**DRAFT**

**CONFIDENTIAL**

This confirmation letter is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement dated \_\_\_\_\_, 2001 (the "Master Agreement") between Party A and Party B, and constitutes part of and is subject to the terms and provisions of such Master Agreement. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.

City of Lodi

State of California Department of Water Resources  
separate and apart from its powers and  
responsibilities with respect to the State  
Water Resources Development System

By: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Name: Thomas M. Hannigan

Title:

Title: Director

Phone No:

Phone No: (916) 653-7007

Fax:

Fax: (916) 653-0943

RESOLUTION NO. 2001-244

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING  
THE CITY MANAGER TO EXECUTE EXHIBIT "A" OF THE MASTER  
POWER PURCHASE AND SALE AGREEMENT BETWEEN THE  
CITY OF LODI AND THE STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

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WHEREAS, the State of California Department of Water Resources (DWR) and the City of Lodi Electric Utility Staff have been working for several months to develop the framework for a long-term relationship whereby DWR and the City would have the ability to conduct a variety of mutually benefiting long-term energy related transactions; and

WHEREAS, in this instance, DWR has requested that the City enter into an agreement whereby the City would sell to DWR 15Mw of firm power for a period of fifteen (15) years City staff believes that such a transaction is consistent with the long-term interests of the City. The terms and conditions of the transactions are well known other than price. As previously noted, energy markets operate on a very short time frame related to pricing provisions. To the extent this agreement is executed by the City Manager, the pricing terms will be demonstrably beneficial to the City; and

WHEREAS, City Staff respectfully requests City Council authorization for the City Manager to execute Exhibit A of the Master Power Purchase and Sale Agreement between the City of Lodi and DWR providing the agreement is financially beneficial to the City.

NOW, THEREFORE, BE IT RESOLVED, that the Lodi City Council does hereby authorize the City Manager to execute Exhibit "A" of the Master Power Purchase and Sale Agreement between the City of Lodi and the State of California Department of Water Resources presented here in substantial final form.

Dated: October 30, 2001

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I hereby certify that Resolution No. 2001-244 was passed and adopted by the City Council of the City of Lodi in a special meeting held October 30, 2001 by the following vote:

AYES: COUNCIL MEMBERS – Hitchcock, Howard and Mayor Nakanishi

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – Land

ABSTAIN: COUNCIL MEMBERS – Pennino



SUSAN J. BLACKSTON  
City Clerk